



MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Joanne Sturges, Executive Officer  
Clerk of the Board of Supervisors  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

19

On motion of Supervisor Yaroslavsky, seconded by Supervisor Knabe unanimously carried (Supervisors Molina and Burke being absent), the attached recommendations were adopted.

Attachment

February 3, 1998

600721



ALAN T. SASAKI  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-2766  
PHONE: (213) 974-8301 FAX: (213) 626-5427

January 20, 1998

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST FOR A COST NEUTRAL CREDIT/DEBIT CARD  
ACCEPTANCE POLICY**

**ALL DISTRICTS  
(3-VOTES)**

**JOINT RECOMMENDATION WITH THE TREASURER AND TAX COLLECTOR THAT  
YOUR BOARD:**

1. Adopt a policy supporting the development and implementation of cost neutral credit/debit card payment programs for legally permissible district and Countywide applications, thereby providing more payment options to the public.
2. Authorize the acceptance of cost neutral credit and debit card applications for the payment of all legally permissible County and district fees, charges and taxes.
3. Instruct the Auditor-Controller to review and verify the cost neutrality of proposed applications requested by the districts and County departments; approve the application's accounting controls prior to implementation; and review and approve appropriate user convenience fees.
4. Authorize the Treasurer and Tax Collector to solicit and enter into merchant card servicing agreements with financial institutions and/or credit/debit card processors, issuers or draft purchasers for the acceptance and processing of credit/debit card transactions to implement approved cost neutral credit/debit card acceptance programs, and any other related contracts necessary to implement such programs.

### **PURPOSE OF RECOMMENDED ACTION**

The Board is requested to adopt a policy supporting the development and implementation of cost neutral credit/debit card payment programs for legally permissible district and Countywide applications, thereby providing more payment options to the public. The Board would also direct the Auditor-Controller and Treasurer and Tax Collector to oversee the implementation of the necessary administration procedures and internal controls for the acceptance of credit/debit card payment programs.

### **JUSTIFICATION**

On November 26, 1991 and July 13, 1993, your Board instructed the Chief Administrative Officer to recommend a cost neutral credit card acceptance program for the County. On September 21, 1993 your Board approved the implementation of a cost neutral Discover Card Credit Card acceptance program, based on the Chief Administrative Officer and Treasurer's recommendation.

The authorized Discover Card program currently in place allows the credit card surcharges to be charged through to the customer, which has no fiscal impact on the County. To date, the Discovery Card program has been the only cost neutral credit card option available because VISA, MasterCard and debit card issuers, by policy, have refused to permit the County to pass through card discount fees to the customer.

Recently some debit card processors have been permitted to charge the customers under certain circumstances and VISA and MasterCard have started to permit a convenience fee to be charged to the customer using an Automated Voice Response (AVR) system for the taking of payments over the phone. This convenience fee can be set to cover the costs of the AVR and the card company discount fees which presents the County with a cost neutral approach to the acceptance of these cards if it elects to do so. In no event will any convenience fee exceed the cost of providing this service.

### **FISCAL IMPACT**

There will be no fiscal impact to the County because of the cost neutral policy.

### **FINANCING**

Not Applicable.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The acceptance of credit/debit cards is allowed per Government Code Section 6159. This policy is needed to formally adopt a Countywide policy regarding the acceptance of credit/debit cards for payments. Currently, the Treasurer and Tax Collector, Auditor-Controller, Chief Administrative Officer and County Counsel have been interpreting the Board's instructions with respect to a cost neutral credit card program as Board policy until such time your Board adopts a formal policy.

**IMPACT ON CURRENT SERVICES**

Approval of this policy will enable the various entities to expand their credit/debit card programs to include any application that can be demonstrated and verified by the Auditor-Controller to be cost neutral. This approach will permit more payment options to become available to the public over time and to ensure that any such application will not negatively impact County costs or revenue.

Respectfully Submitted,



Alan Sasaki  
Auditor-Controller



Larry J. Monteilh  
Treasurer and Tax Collector

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Department Heads  
District Heads